

RESERVE BANK OF FIJI

PRESS RELEASE



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STATEMENT BY THE CHAIRMAN OF THE MACROECONOMIC COMMITTEE AND GOVERNOR OF THE RESERVE BANK OF FIJI

REVISED GROWTH PROJECTIONS FOR 2017-2020

The Fijian economy is forecast to expand for the ninth consecutive year in 2018, albeit at a slower pace of 3.2 percent, from the 3.6 percent projected in October 2017.

Chairman of the Macroeconomic Committee and Reserve Bank of Fiji Governor¹, Mr Ariff Ali highlighted that, “the lower projection is primarily a result of the devastating effects of Tropical Cyclones Josie & Keni in early April, particularly on the agriculture sector. Growth in 2018 will therefore be largely driven by the public administration, wholesale & retail trade, construction, information & communication, and accommodation & food services sectors.”

The expansionary 2017-2018 National Budget and supporting policies, ongoing rehabilitation works in the aftermath of recent natural disasters, and strong investment activity, are expected to provide additional stimulus to an already growing economy.

Governor Ali further stated that, “a broad-based growth is also forecast for the medium term. For 2019, the growth outlook has been revised upwards to 3.4 percent from the 3.2 percent envisaged earlier, while the baseline forecast for 2020 remains unchanged at 3.2 percent.”

The estimated growth rate for 2017 is unchanged at 4.2 percent. However, there are some changes in terms of sectoral contributions.

Governor Ali concluded “that while the recent supply-shock from the two cyclones and flooding is expected to put upward pressure on prices in the coming months, inflation is forecast to stabilise at around 3.0 percent by year-end. For 2019-2020, inflation is forecast to be around 2.5 percent, barring any supply side shocks.”

On the external sector, the overall balance of payments position is projected to remain comfortable backed by tourism earnings and remittances despite the widening of the trade balance.

Foreign reserves were \$2.2 billion as at 10 May 2018, sufficient to cover around 5 months of retained imports and non-factor services, and are expected to remain at adequate levels in the near to medium term.

ARIFF ALI
Chairman of Macroeconomic Committee

¹The Macroeconomic Committee is made up of Heads and senior representatives from the Ministry of Economy, Fiji Bureau of Statistics, Ministry of Industry & Trade and Tourism, Office of the Prime Minister, Investment Fiji, Ministry of Infrastructure & Transport, Fiji Revenue & Customs Service and the Reserve Bank of Fiji.